

OVERSIGHT BOARD
SUCCESSOR AGENCY
TO THE WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION
DISCUSSION ITEM

MAY 10, 2012

SUBJECT: APPROVE DRAFT RECOGNIZED OBLIGATION PAYMENT
SCHEDULE FOR THE PERIOD FROM JULY 1, 2012
THROUGH DECEMBER 31, 2012

INITIATED BY: SUCCESSOR AGENCY
(Elizabeth Savage, Acting Director Rent Stabilization and
Housing) *EMA*
(David Wilson, Interim Director Finance) *DMW*
(John Leonard, Project Development Administrator) *JPL*

STATEMENT ON THE SUBJECT:

The Oversight Board will consider approval of the draft Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012.

RECOMMENDATION:

Approve the draft Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012.

BACKGROUND ANALYSIS:

Pursuant to Assembly Bill x1 26 ("AB x1 26"), all redevelopment agencies in the State were dissolved on February 1, 2012, including the West Hollywood Community Development Commission ("CDC"), which was the City's redevelopment agency. Upon agency dissolution, AB x1 26 created successor agencies to continue to satisfy enforceable obligations and administer the dissolution of each agency. On September 19, 2011, the City Council of the City of West Hollywood ("City Council") adopted Resolution No. 11-4219, electing to become the Successor Agency to the CDC upon its dissolution ("Successor Agency"). Pursuant to Health and Safety Code Section 34177 successor agencies are required to continue to make payments due for enforceable obligations of the former redevelopment agencies. AB x1 26 requires the Successor Agency to prepare a draft Recognized Obligation Payment Schedule for the period of July 1, 2012, through December 31, 2012, and submit it to the Oversight Board of the Successor Agency ("Oversight Board") for approval. The ROPS was considered by the City Council, acting as the Successor Agency, on May 7, 2012. The ROPS for the aforementioned period is included as Attachment 1. The following provides brief descriptions of the enforceable obligations listed

on the ROPS, back-up documentation for these items is included as Attachments 2-7. Additional documents can be provided as necessary, if available.

- 1a) 2003 Tax Allocation Bond Debt Service – Debt service payments for housing and non-housing tax allocation bonds. Bond proceeds were previously used for both housing and non-housing projects. Total debt service costs for July 1, 2012 to December 31, 2012 are \$514,160. It is anticipated this obligation would be paid for with monies from the Redevelopment Obligation Retirement Fund (“RORF”).
- 1b) 2003 Tax Allocation Bond Fees – Annual trustee fees (Bank of New York) associated with the housing and non-housing bonds. Total costs for July 1, 2012 to December 31, 2012 are \$2,332. It is anticipated this obligation would be paid for with monies from the RORF.
- 2a) 2011 Tax Allocation Bond Series A Debt Service – Debt service payments for Series A non-housing tax allocation bond proceeds in the amount of \$30,560,000, dated March 2, 2011. Bond proceeds are to be used for Phase 1 of the Plummer Park Master Plan (See Official Statement “Plan of Finance”), as listed in the Cooperation Agreement (See ROPS item 12a – project line item in Cooperation Agreement; “Plummer Park Rehabilitation and Parking”). Total debt service costs for July 1, 2012 to December 31, 2012 are \$1,331,150. It is anticipated this obligation would be paid for with monies from the RORF.
- 2b) 2011 Tax Allocation Bond Series A Fees - Annual trustee fees (Bank of New York) associated with the Series A non-housing bonds. Total costs for July 1, 2012 to December 31, 2012 are \$1,850. It is anticipated this obligation would be paid for with monies from the RORF.
- 3a) 2011 Tax Allocation Bond Series B Debt Service - Debt service payments for housing tax allocation bond proceeds in the amount of \$9,420,000, dated March 2, 2011. Bond proceeds are to be used for low and moderate income housing projects within the East Side Project Area (See Official Statement “Plan of Finance”), as listed in the Cooperation Agreement (See ROPS items 12f, g, h, i, and j – project line items in Cooperation Agreement; “Alternative Living for the Aging”, “La Brea Apartments”, “Affordable Housing Project”, “Affordable Housing Acquisition and Rehabilitation”, “West Hollywood Community Housing Corporation – Disabled Access, Maintenance and Rehabilitation”). Total debt service costs for July 1, 2012 to December 31, 2012 are \$473,806.25. It is anticipated this obligation would be paid for with monies from the RORF.
- 3b) 2011 Tax Allocation Bonds Series B Fees - Annual trustee fees (Bank of New York) associated with the Series B housing bonds. Total costs for

July 1, 2012 to December 31, 2012 are \$1,850. It is anticipated this obligation would be paid for with monies from the RORF.

- 4) City Loans – City of West Hollywood – On June 3, 1996, the CDC approved an advance and reimbursement agreement with the City of West Hollywood for administrative and overhead expenses associated with the CDC. Since the Agency's only project area, the East Side Project Area, was adopted on June 2, 1997, the City has made various loans to the CDC and the CDC has made various payments to the City, through amendments to the original agreement. As of June 20, 2011, the remaining balance due to the City from the CDC was \$25,750. The remaining balance will be paid in full by the CDC by June 30, 2012. This item appears on the draft ROPS for informational purposes only (reconciliation with the previous ROPS), and will not be included as part of the final approved ROPS, since it is no longer an obligation of the Successor Agency.
- 5) Affordable Housing Loan Agreement – Alternative Living for the Aging – Financing for a seventeen (17) unit very-low income senior housing project located at 937 North Fairfax Avenue. The loan agreement was executed on April 5, 2011, in the amount of \$2,482,025. Total costs for July 1, 2012 to December 31, 2012 are \$2,482,025. It is anticipated this obligation would be paid for with proceeds from the 2011 Tax Allocation Housing Bonds Series B.
- 6) Pre-Development Loan – West Hollywood Community Housing Corporation – Pre-development financing for a thirty-two (32) unit very-low and extremely-low income housing project located at 1145-1151 La Brea Avenue. The loan agreement was executed on November 15, 2010, in the amount of \$2,750,000. The loan was disbursed on February 22, 2011. This item appears on the draft ROPS for informational purposes only (reconciliation with the previous ROPS), and will not be included as part of the final approved ROPS, since it is no longer an obligation of the Successor Agency.
- 7a) Agency Employee Costs for Housing Projects – Agency employee payroll costs specifically related to ROPS items 5 and 6. Cost of successor agency employees to manage and oversee the terms and conditions of the agreements during predevelopment and construction. Total costs for July 1, 2012 to December 31, 2012 are \$137,185.44. It is anticipated this obligation would be paid for with monies from the RORF.
- 7b) Agency Employee Costs – Costs for July 1, 2012 to December 31, 2012 are included in the Successor Agency administrative budget. See Attachment 1.

- 8) Agency Employee Leave Liability Costs – This item has been paid in full, it appears on the draft ROPS for informational purposes only (reconciliation with the previous ROPS). It will not be included as part of the final approved ROPS, since it is no longer an obligation of the Successor Agency.
- 9) Agency Operating Costs – Costs for July 1, 2012 to December 31, 2012 are included in the Successor Agency administrative budget. See Attachment 1.
- 10) Agency East Side Project Advisory Committee Operating Costs – This item appears on the ROPS for informational purposes only (reconciliation with the previous ROPS). It will not be included as part of the final approved ROPS, because it is no longer an obligation of the Successor Agency.
- 11) Food Lab Revitalization Loan – This item has been paid in full, it appears on the draft ROPS for informational purposes only (reconciliation with the previous ROPS). It will not be included as part of the final approved ROPS, since it is no longer an obligation of the Successor Agency.
- 12) Cooperation Agreement for Public Works and Affordable Housing Projects – Cooperation Agreement between the City of West Hollywood and the CDC for various capital improvement (public works) and affordable housing projects. The Cooperation Agreement was entered into on January 18, 2011. The Cooperation Agreement provides the City of West Hollywood with funding, in the amount of \$54.5 million; \$38.5 million is allocated for specified capital improvement/public works projects and \$16 million for affordable housing projects. Since the Cooperation Agreement was completed several project costs and funding sources have been adjusted. At this time, as it appears on the ROPS, the total outstanding funding needed to complete the projects is \$51,601,947. Financing for the Cooperation Agreement includes \$39.98 million in bond proceeds (2011 Series A and B Bonds) and \$11,621,947 in monies from the RORF. Projects specified in the Agreement are broken out on the ROPS and described in more detail below. Total costs for July 1, 2012 to December 31, 2012 are \$960,367.24.
- 12a) Plummer Park Rehabilitation and Parking - This project is the product of the Plummer Park Master Plan adopted by the City Council on November 21, 1995 and was updated and approved by City Council on October 4, 2004. The Master Plan was developed through extensive public outreach and the work of the Plummer Park Committee. The Master Plan was included in the Five-Year Implementation Plan adopted by the CDC, as well as the list of City's Capital Projects. Schematic Design Drawings for the Park were approved by Council on October 18, 2010. The Plummer Park Rehabilitation and Parking Project will create

179 spaces of underground parking replacing surface parking and also demolish outdated buildings to add an acre of open space to the Park. It will also include extensive landscape and lighting improvements, disabled access, and better security and visibility in the park. Plummer Park is an oasis on the densely populated east side.

This project would be completely funded by proceeds from the 2011 Tax Allocation Bonds Series B (see official statement reserving funds for this purpose). Total costs for July 1, 2012 to December 31, 2012 are \$700,000.

12b) Sewer Renovation – This item was paid for using other City funds and has been provided on the ROPS for information purposes only (reconciliation with the previous ROPS). It will not be included as part of the final approved ROPS, because it is no longer an obligation of the Successor Agency.

12c) La Brea Streetscape - In 2001, the City completed the reconstruction of Santa Monica Boulevard. To improve the viability of commercial businesses on the eastern boundary of the Project Area, the Five-Year Implementation Plan called for the continuation of the design for Santa Monica Boulevard along La Brea Avenue from Fountain Avenue to Romaine Street. Conceptual design plans have been drawn by a landscape architect and the project has been selected by MTA for funding. The local match needed for the project is \$619,922. For this reason the total funding amount of \$1,500,000, anticipated in the Cooperation Agreement, is no longer necessary and was adjusted to \$619,922 on the ROPS. This project would be funded by monies from the RORF. Total costs for July 1, 2012 to December 31, 2012 are \$260,367.24.

12d) Neighborhood Lighting and Landscaping Program - Blocks have been identified to receive improvements including landscape, signage, lighting, and other means. The first project on Orange Grove Avenue north of Santa Monica Boulevard would develop a drought tolerant demonstration garden in the parkways on both sides of the street. This garden would not only improve the neighborhood, but would provide examples of plants and methods for others to replicate. The \$1 million obligation for this project would be funded by monies from the RORF. Total costs for July 1, 2012 to December 31, 2012 are \$0.

12e) Brownfields Clean Up – Santa Monica Boulevard - The east side has a long history of industrial and other uses that require environmental remediation. There are a few remaining formerly industrial sites on Santa Monica Boulevard between Martel and La Brea Avenues where evidence of significant contamination has been found. The concerns about this contamination have inhibited productive use of these sites.

The \$4 million obligation for this project would be funded by monies from the RORF. Total costs for July 1, 2012 to December 31, 2012 are \$0.

- 12f) Affordable Housing Loan – Alternative Living for the Aging – See item 5 on the ROPS. The \$2,482,025 obligation for this project would be funded from 2011 Tax Allocation Series B Housing Bond proceeds. Total costs from July 1, 2012 to December 31, 2012 are \$2,482,025.
- 12g) Permanent Financing – La Brea Apartments - On November 15, 2010, the CDC executed a loan with the West Hollywood Community Housing Corporation ("WHCHC") for the acquisition and predevelopment of the project located at 1145-1151 La Brea Avenue. The project will have 32 units of very-low and extremely-low income housing. This loan in the amount of \$3.5 million, would provide a portion of the permanent financing for the project. The \$3.5 million obligation for this project would be funded from 2011 Tax Allocation Series B Housing Bond proceeds. Total costs from July 1, 2012 to December 31, 2012 are \$0.
- 12h) New Affordable Housing Project - This project would provide funding for the creation of new affordable housing on the east side. The \$4 million obligation for this project would be funded from 2011 Tax Allocation Series B Housing Bond proceeds. Total costs from July 1, 2012 to December 31, 2012 are \$0.
- 12i) Acquisition and Rehabilitation for Affordable Housing – This project would provide the acquisition and rehabilitation of one or more existing buildings for covenanted affordable housing. The \$4 million obligation for this project would be funded from by monies from the RORF. Total costs from July 1, 2012 to December 31, 2012 are \$0.
- 12j) WHCHC – Disabled Access, Maintenance and Rehabilitation - WHCHC has a portfolio of 334 affordable housing units in the City. These funds would provide for disabled access, maintenance and rehabilitation of these affordable housing projects. The \$2 million obligation for this project would be funded from by monies from the RORF. Total costs from July 1, 2012 to December 31, 2012 are \$0.

FISCAL IMPACT:

\$6,029,682.89 in RORF funds and bond proceeds would be allocated to meet the obligations detailed on the ROPS.

ATTACHMENTS:

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| Attachment 1 | Draft Recognized Obligation Payment Schedule for the period from July 1, 2012, through December 31, 2012 adopted by the Successor Agency on February 21, 2012. |
| Attachment 2 | 2003 Tax Allocation Bonds Official Statement |
| Attachment 3 | 2011 Tax Allocation Bonds Series A Official Statement |
| Attachment 4 | 2011 Tax Allocation Bonds Series B Official Statement |
| Attachment 5 | Affordable Housing Loan Agreement between the West Hollywood CDC and Janet L. Witkin Center, LLC (Alternative Living for the Aging) |
| Attachment 6 | Cooperation Agreement between the City of West Hollywood and West Hollywood CDC for payment of costs associated with certain CDC funded capital improvement and affordable housing projects and associated resolution |
| Attachment 7 | La Brea Streetscape Agreement Documents |